

OGC 70-1103

6 July 1970

MEMORANDUM FOR: WH Personnel

SUBJECT: Interest Equalization Tax on Canadian
Securities - [REDACTED]

25X1A

You have asked our opinion as to whether an interest equalization tax is due on purchase of shares in [REDACTED] a Canadian mutual fund, and if so, at what rate. Unless the shares are purchased from an American who has paid the tax or unless the fund has applied for and received an exemption from the Securities Exchange Commission, the tax is due during the quarter in which the shares were purchased. The tax is equal to 11-1/4% of the purchase price of the stock not including the brokerage fee or taxes. This is based, of course, on the U. S. dollar price taking into consideration the exchange rate. The formula then is: (Canadian price - commission and taxes) X exchange rate X 11-1/4% = interest equalization tax. Attached is form 3780 which is accurate except for a change in percentage of tax from 18-3/4% to 11-1/4%.

25X1A

[REDACTED]
Assistant General Counsel

25X1A

Attachment

OGC:JBU:sab

Distribution:

- Orig. & 1 - Addressee
- 1 - ~~1~~ FEDERAL TAXES
- 1 - JBU Signer
- 1 - Chrono

OGC Has Reviewed

CONFIDENTIAL

Q1